

**DEPARTMENT OF FINANCE AND ADMINISTRATION  
OFFICE OF ACCOUNTING  
MEMORANDUM**

**TO:** All Chief Fiscal Officers

**FROM:** Paul S. Louthian, CPA  
Administrator

**DATE:** June 1, 2005

**SUBJECT:** Important Fiscal Year-end Information

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**Significant Changes from Last Fiscal Year End Processing**

1. 45 day rule will not be invoked for FY 2005 open items. Normal "Y" Voucher processing will be in place.
2. Performance Based Budgeting (PBB) has been discontinued by law. No carry-forward of open items will be processed. Budget carry-forward will occur where prescribed by law.
3. Agencies which have been merged for the 2007 Biennium will not have their open items carried forward to the absorbing business area. Budget carry-forward will occur where prescribed by law.

**Fiscal Year End Timeline at a Glance**

**Monday, June 27**

Last day to request Federal draws on a two-day turnaround cycle expected to be included for Fiscal Year 2005 funds available to spend or transfer.

Important Note: All other Federal draws should be timed such that they will be received by our State Treasurer by Wednesday, June 29.

**Tuesday, June 28**

Normal Operation

Highway Department Payroll Processing

Last Off Cycle Payroll Processing for Fiscal Year 2005

Agencies send Catherine Hickerson Year End contact information for final general and special revenue distribution

**Wednesday, June 29**

Final BSEG Invoice Interface Processes Wednesday Night

Normal Operation

Deadline for receipt of Federal Monies by the State Treasurer expected to be included in funds available to spend or transfer in Fiscal Year 2005.  
Deposit slips that match the Federal Money Deposit must be at the Treasurer's office.

**Important Note: Do not depend on FAX or Mail for the Treasurer to process receipts. Deposit slips that match the deposits for both Federal and Non Federal Monies must be on hand at the State Treasury.**

#### **Thursday, June 30**

Normal Daytime Operation  
Treasurer and Auditor to receive and process Wednesday warrants  
Mid morning transmit to Treasurer of AASIS Fund Transfers  
Treasurer closes at Noon  
Treasurer begins redemption of warrant process at Noon  
Clearing of Deposits to Cleared Cash by Interface file  
General Revenue Distribution to Office of Accounting at 6 PM  
Special Revenue Distribution to Office of Accounting at 6 PM  
Office Accounting finishes Distribution by approximately 9 PM  
Notification of Distribution to Agency staff designated to work Thursday Night at 9 P.M.  
Agencies will be allowed approximately 30 minutes to complete fund transfers for payment transactions between Distribution and the Final 2005 Payment Run  
Agencies will be suspended from AASIS FI activities before final payment run begins  
Final FY 2005 Payment Run – Planned for Approximately 9:30 to 10:00 PM

#### **Friday, July 1 thru Monday, July 4**

Agencies suspended from FI activities

#### **Tuesday, July 5**

Normal Operation and Security expected to resume for financial Posting for FY 2006  
Medicaid Funding Process  
Special daytime payment run to issue warrants and direct deposit for critical payments

## Detailed Instructions

The following list contains instructions and deadlines for various year-end procedures. This memo is another in a series of memos designed to give agencies guidance. There will be revisions and changes as we work through this process. These communications will be sent priority notice from our office to the Chief Fiscal Officer of each agency. Please refer to the May 17, 2005, memo from Joe Giddis regarding *2005 Fiscal Year End Close Materials Management Guidance* and continue to follow those instructions regarding clean-up of purchasing documents.

NOTE: Instructions for this process can be found on the AASIS website at: [http://www.arkansas.gov/dfa/aasis/AASIS\\_Training/MATERIALSMGMT/aasis\\_training\\_POC.html](http://www.arkansas.gov/dfa/aasis/AASIS_Training/MATERIALSMGMT/aasis_training_POC.html).

Please remember that MIGO must not be keyed if goods are not received and MIRO must not be keyed unless the invoice has actually been received. Faxed copies of the original invoice with appropriate verbage will suffice.

Please consult Page 127 of the Financial Management Guide for details: [http://www.arkansas.gov/dfa/accounting/guide/financial\\_management\\_guide.doc](http://www.arkansas.gov/dfa/accounting/guide/financial_management_guide.doc)

1. The Department of Finance and Administration Office of Accounting (DFA-OA) has changed the cash edit. Monies needed for processing expenditures or transfers must be in the cleared cash general ledger account or recorded as a fund transfer. Incoming receipts will not be included unless cleared through the State Treasurer. DFA-OA suggests that you receive a stamped copy of each deposit you make at the Treasurer's Office during the final two weeks of June. **Note: Do not assume that your fax or mailed receipt has been received.**

The following are the important dates for cash management during June.

- **June 17, 2005, close of business** - All Due To/Froms in Payroll Paying Fund must be cleared.
- **June 21, 2005, close of business** - Funding for the payroll to be distributed to employees on Friday, June 24, 2005, must be completed.
- **June 24, 2005, Friday– Payday**
- **June 28, 2005** – The final (and only) Off-cycle payroll for Biweekly Pay Period 13 of 2005 will be processed on Tuesday, June 28, 2005. Funding must be completed by Tuesday, June 28, 2005.

- **June 29, 2005, close of business** – All wire transfers and ACH deposits that are to be recorded in FY2005 will have to be receipted through the Federal Reserve Bank to an account of the Treasurer's Office with the corresponding agency deposit slip provided to the Treasurer's Office by this date.
  - **June 30, 2005, 10AM** – All receipts will have to be processed to ensure delivery of the deposit slip to the Treasurer's Office prior to their closing at noon.
  - **June 30, 2005** – Warrants may be issued to utilize all general and special revenue distributions as determined by the State Treasurer in his final distribution of FY2005 revenue for June 30, 2005.
2. All agencies will need to clean up Payroll Due To/From accounts by **June 17, 2005** and then fully fund payrolls by **June 22, 2005** for the regular payroll, and by **June 28, 2005** for the Off-Cycles. Please see Appendix 5 for links  
[http://www.arkansas.gov/dfa/aasis/aasis\\_yearend\\_fy05.html](http://www.arkansas.gov/dfa/aasis/aasis_yearend_fy05.html)
  3. All agencies will need to verify the accuracy of outstanding GR/IR by **June 17, 2005**.  
[http://www.arkansas.gov/dfa/aasis/AASIS\\_Training/MATERIALSMGMT/aasis\\_training\\_POC.html](http://www.arkansas.gov/dfa/aasis/AASIS_Training/MATERIALSMGMT/aasis_training_POC.html)
  4. The expenditures for Capital Projects (Asset Under Construction) will need to be settled to an Asset Under Construction asset shell by **June 30, 2005**. If you have questions about this process, courseware is available on the AASIS web site at:  
[http://www.state.ar.us/dfa/aasis/AASIS\\_Training/ASSETMGMT/aasis\\_training\\_AUC.html](http://www.state.ar.us/dfa/aasis/AASIS_Training/ASSETMGMT/aasis_training_AUC.html) or you may call Deanna Richardson at (501) 683-0395.
  5. Previously Parked, Parked/Saved as Complete Invoice Documents, Held, and Blocked documents will need to be reviewed for validity and cleared by **June 17, 2005** if necessary.  
[http://www.arkansas.gov/dfa/aasis/aasis\\_yearend\\_fy05.html](http://www.arkansas.gov/dfa/aasis/aasis_yearend_fy05.html)
  6. Error corrections for both receipts and expenditures, warrant cancellations and refunds to expenditures must be received by the DFA – Office of Accounting by **June 22, 2005**, in order to allow time for review, posting and transmittal of this information to the Treasurer and Auditor.
  7. FY2006 master data requests (i.e. cost centers with FM assignments and WBS Element with FM assignments) should be made by **June 1, 2005**. Also, all agencies should verify that the FY2006 master data is setup correctly. (i.e. if an agency has a WBS element or cost center that should

not be used beyond June 30, 2005, they need to make sure it is locked for all posting).

8. If your agency has funds that will no longer exist in FY2006, sales and use tax payable that has been accrued in those funds must be remitted no later than **June 24, 2005**. If additional sales and use tax is accrued after June 24, those amounts will need to be paid no later than **June 30, 2005**. Agencies must pay sales and use tax out of the fund in which it was accrued. The invoice, not paid by June 30, 2005, will be paid after presentation to the Claims Commission.

Sales and use tax payable for funds that will continue to exist in FY2005 will need to be processed as a Y Voucher if not paid by **June 30, 2005**.

9. Due To/From accounts other than payroll should be reviewed and adjusted to the proper amounts by **June 24, 2005**.  
[http://www.arkansas.gov/dfa/aasis/aasis\\_yearend\\_fy05.html](http://www.arkansas.gov/dfa/aasis/aasis_yearend_fy05.html)
10. Electronic fund transfers that are expected to be included in your fund balances for Fiscal Year 2005 must be deposited into the Treasurer's bank by **5PM on June 29, 2005**. The deposit slip must also be in the Treasurer's Office by **close of business on June 29, 2005** to ensure posting by Treasurer's Office.
11. It is anticipated that DFA – Office of Accounting will complete the special and general revenue distribution at approximately 9 pm on June 30, 2005. In the event an Agency depends upon those transfers to fund final payroll or purchasing obligations, agency staff must be on hand until the payment run begins on June 30, 2005. This will allow the agency to receive notification of the completed distribution and have approximately 30 minutes to make legal fund transfers. DFA staff will then process the payroll cash transfer program; funding for Payroll obligation will take first priority of special and general revenue distribution. Upon the completion of the payroll funding process, the payment run will begin. This will be the final run for FY 2005 funds and appropriation. Agencies WILL NOT have an opportunity to clean-up or fix funding problems. The remaining invoices will have to go through the certification process and use FY 06 funds and appropriations or go through the claims commission process. Fiscal Year 2005 FI agency activity ends on Thursday, June 30, 2005, after the last anticipated payment run for FY 2005.

Catherine Hickerson will notify one agency contact person by Email when revenue distribution is completed of the amount available for that agency. This notification is strictly for those agencies that will have personnel on duty to key transfers into AASIS in order to spend their general and special revenue distribution in FY 2005. You must email Catherine at [Catherine.Hickerson@dfa.state.ar.us](mailto:Catherine.Hickerson@dfa.state.ar.us) in order to participate in this activity by June 27, 2005. *She will not be available by telephone the night of June 30, 2005.*

12. The last Division of Revenue interface file to the Treasurer will be run at **10AM on June 30, 2005.**
13. The cash journal must be cleared and postings of revenue completed before that time. Receipts and actual monies (cash, check, warrant, etc.) must be delivered to the Treasurer **before Noon on June 30, 2005.** Fund transfers must be finished by **10AM on June 30, 2005** in order to be included in the interface file for the Treasurer for 2005.
14. All invoices to be paid out of FY2005 shall have a payment date of **June 30, 2005, or earlier.** Payment terms expressed in number of days cannot exceed this deadline. All direct deposit payments expected to be paid from FY2005 funds must have a BLINE date of June 28, 2005 or earlier. FB60 and MIRO transactions will be keyed as pay immediately (payment terms 0001).

Old Year Obligation ("Y vouchers" from FY2004) must be paid in FY2005 by **June 30, 2005**, or the vendor will be forced to go to the Claims Commission.
15. Year End Processes for Procurement Card (P-Card) purchases to be paid as Y vouchers will be issued directly to the agencies using P-Cards under separate cover by **June 7, 2005.** These instructions will be sent to the Agency Chief Fiscal Officers for those participating agencies.
16. Refer to the May 17, 2005, memo from Joe Giddis for the method of carry forward for purchase orders with goods or services received for which no invoice has been receipted by June 30, 2005. Ultimately, these items must be tracked through the system as a "Y Voucher". A certification letter that funds and appropriations were available for the FY2005 must be on file at the agency for each "Y Voucher" processed in FY2006. Please see section: R1-19-4-702 Payment of Prior Year Obligations contained in the Financial Management Guide for the instructions for "Y Vouchers" and a certification letter. Open purchase orders at June 30 can remain in the system and the commitments against old year budget will be carried forward as commitments against the FY2006 budget provided sufficient FY2006 budget exists.

**All FY 2005 invoices for which warrants have not been issued by the final payment run on June 30, 2005 will be carried forward if sufficient FY2006 budget exists. The Agency Fiscal Officer must document that sufficient funds existed in FY2005.** Please see page 75 of the Financial Management Guide:  
[http://www.arkansas.gov/dfa/accounting/guide/financial\\_management\\_guide.doc](http://www.arkansas.gov/dfa/accounting/guide/financial_management_guide.doc)
17. The final BSEG will be run on **June 29, 2005.**

18. Agencies should conduct physical inventories of items of a “material amount”, other than equipment, on **June 30, 2005 especially those that are not office supplies**. The CAFR staff will be on site at selected agencies to observe inventory counts conducted by those agencies. The extended value of the inventory will be added to the trial balance by agency entered period 13 journal entries as part of the closing entries made by your agency **between July 5, 2005 and July 31, 2005**.
19. FY 2006 payment interface files must have a posting date **greater than or equal to July 1, 2005**. These may be transmitted beginning **July 1, 2005**. **Note: There should be no FY2006 payments in the interface files prior to July 1, 2005. If they are included in your final BSEG file on June 30, 2005, it is entirely possible the file will not post properly and invalidate your final year end vouchers. These would then create “Y Vouchers” for items you intended to pay in FY2006.**
20. Agencies should follow the instructions for closing entries posted on the Office of Accounting’s website. As in previous years, modified accrual entries should be made in period 13 and full accrual entries should be made to fund 7006101 in period 15. Agencies should use the FBS1 transaction for all journal entries that should be reversed the first month of FY2006. Please call your CAFR liaison if you need more information. If you do not know who your CAFR liaison is, please call Marnie Davidson at (501)683-0982 or email at [Marnie.Davidson@dfa.state.ar.us](mailto:Marnie.Davidson@dfa.state.ar.us).
21. All cash on hand that has not been recorded as revenue in the accounting system should be counted as of close of business on June 30, 2005. A journal entry should be made in period 13 to record this revenue and cash on hand.

**If you have any questions regarding performing AASIS transactions, please call the AASIS help desk at (501) 683-2255 and log a ticket. You will need to tell them that you need assistance with year-end procedures and the module with which you need assistance.**

If you have any questions regarding this letter, email [Danny.Bokamper@dfa.state.ar.us](mailto:Danny.Bokamper@dfa.state.ar.us).